

**CALENDAR ITEM
C36**

A 2

06/29/15

PRC 3393.1

PRC 3929.1

S 2

M. Schroeder

TERMINATION AND ISSUANCE OF A GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

Simpson Paper Company

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, adjacent to Assessor's Parcel Number 401-121-007, near the city of Eureka, Humboldt County.

AUTHORIZED USE:

Continued maintenance of two existing non-operational effluent outfall pipelines.

LEASE TERM:

Five years, beginning June 29, 2015.

CONSIDERATION:

\$12,732 per year, with an annual Consumer Price Index adjustment.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability insurance in an amount no less than \$1,000,000 per occurrence.

Surety:

Surety bond or other security in the amount of \$50,000.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the upland adjoining the lease premises.
2. On October 21, 1965, the Commission authorized a General Lease – Right-of-Way Use, PRC 3393.1, to Crown Simpson Pulp Company (Crown Simpson) for the installation, operation, and maintenance of a 48-inch inside diameter effluent outfall pipeline. On November 17, 1966, the Commission authorized a sublease. On October 30, 1980, the Commission authorized an amendment for renewal of the lease and approved a new sublease. That lease expired on October 20, 2010. Beginning in 1966, Crown Simpson underwent a series of name changes.

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3. On April 25, 1968, the Commission authorized a 49-year Industrial Lease (Right-of-Way), PRC 3929.1, to Crown Simpson Corporation for the installation, operation, and maintenance of a 36-inch inside diameter effluent outfall pipeline. On March 31, 1977, the Commission authorized a sublease. On July 21, 1983, the Commission authorized termination of the lease, acceptance of a quitclaim deed, and issuance of a 34-year General Lease – Right-of-Way Use to Humboldt Bay Pulp Company (formerly known as Crown Simpson Corporation). This lease will expire on March 31, 2017. In 1998, Humboldt Bay Pulp Company changed its name to Simpson Paper Company.
4. The outfall pipelines authorized under PRC 3393.1 and PRC 3929.1 are adjacent to each other and are still owned by Simpson Paper Company but have not been in operation since 1992. The effluent outfall pipelines were formerly used to discharge industrial waste and sewage effluents from an upland pulp mill. The effluent outfall pipelines discharged to the Pacific Ocean within a dedicated easement and public right-of-way. The pulp mill, including the effluent pumping equipment, was largely demolished between 1995 and 2004. The effluent outfall pipelines were subsequently taken out of service and are currently non-operational.
5. Because PRC 3393.1 has expired, staff recommends termination of the current lease, PRC 3929.1, and issuance of a new lease to include both non-operational outfall pipelines. Simpson Paper Company has submitted an application for a new lease. The new lease will allow Simpson Paper Company continued maintenance of the effluent outfall pipelines and require it to conduct pipeline inspections and tests within the first few years of the lease. No later than two years prior to the expiration of this lease, the Lessee must submit a work plan for the future use, removal, or abandonment of the pipelines.
6. **Lease Termination:** The staff recommends that the Commission find that the subject lease termination does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

7. **New Lease:** The staff recommends that the Commission find that the issuance of a new lease is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1,

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Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

8. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq.; however, the Commission has declared that all lands are “significant” by nature of their public ownership (as opposed to “environmentally significant”). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code section 6370 et seq., use classifications for such lands have not been designated. Therefore, the finding of the project’s consistency with the use classification as required by California Code of Regulations, Title 2, section 2954 is not applicable.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Lease Termination: Find that the subject lease termination is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

New Lease: Find that the issuance of a new lease is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

AUTHORIZATION:

1. Authorize termination, effective June 28, 2015, of Lease No. PRC 3929.1, a General Lease – Right-of-Way Use.

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2. Authorize issuance of a General Lease – Right-of-Way Use to Simpson Paper Company beginning June 29, 2015, for a term of five years, for the continued maintenance of two existing non-operational effluent outfall pipelines as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$12,732 with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$1,000,000 per occurrence; and surety bond in the amount of \$50,000.

EXHIBIT A

PRC 3393.1

LAND DESCRIPTION

Two strips of tide and submerged land, 20 foot wide, in the Pacific Ocean, situated near the City of Eureka, Humboldt County, California lying adjacent to Lot 4, Section 20, Township 5 North, Range 1 West, HM as shown on the Official Township Plat, approved March 15th 1855, County of Humboldt, State of California, being 10 feet on each side of the following described centerlines:

PARCEL 1

BEGINNING at the point on an existing 36" inside diameter ocean outfall line on the shore of the Pacific Ocean from which the corner common to Sections 20, 21, 28 and 29, Township 5 North, Range 1 West, HM bears approximately South 88°55'12" East 3225.93 feet; thence along the centerline of said outfall line North 45°00'00" West 2758.66 feet more or less to the terminus of said outfall line.

The sidelines of said strip are to be lengthened or shortened as to begin at the ordinary high water mark of the Pacific Ocean and to terminate at a line lying perpendicular to the terminus of said centerline and at any angle point intersections.

PARCEL 2

BEGINNING at the point on an existing 48" inside diameter (52 1/2" outside diameter) ocean outfall line on the shore of the Pacific Ocean from which the corner common to Sections 20, 21, 38 and 29, Township 5 North, Range 1 West, HM bears approximately South 88°55'12" East 3225.93 feet; thence along the centerline of said outfall line North 57°00'00" West 3473.29 feet more or less to the terminus of said outfall line.

The sidelines of said strip are to be lengthened or shortened as to begin at the ordinary high water mark of the Pacific Ocean and to terminate at a line lying perpendicular to the terminus of said centerline.

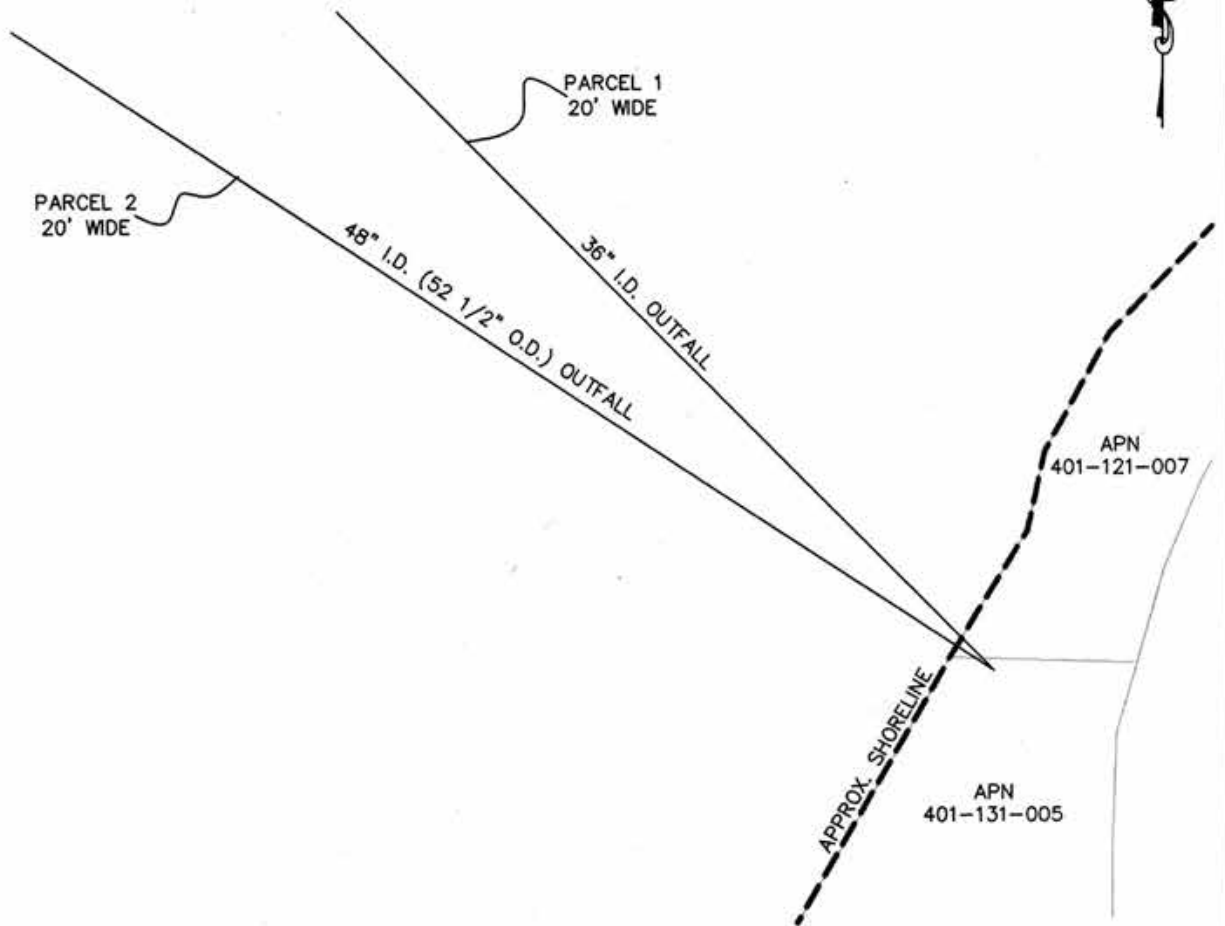
END OF DESCRIPTION

PREPARED 5/12/15 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



NO SCALE

SITE



Two non-operational outfall pipelines (36" I.D. & 48" I.D.)
3000 New Navy Base Rd., Eureka - Pacific Ocean

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 3393.1
SIMPSON PAPER CO.
APN 401-121-007
GENERAL LEASE -
RIGHT-OF-WAY USE
HUMBOLDT COUNTY



MJF 5/12/15

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.